

Wednesday, July 23, 2008

House Meets At...	Votes Predicted At...
10:00 a.m. For Legislative Business	Last Vote: 6:00 – 7:00 p.m.
Fifteen “One Minutes” Per Side	

Any anticipated Member absences for votes this week should be reported to the Office of the Majority Whip at 226-3210.

Floor Schedule and Procedure

- **Suspension Bills:** Today, the House will consider several bills on the Suspension calendar. Bills considered on the Suspension calendar are debatable for 40 minutes; may not be amended; and require a two-thirds vote for passage. If a recorded vote is requested, it will be postponed.
 1. **H.J.Res. 93** - Approving the renewal of import restrictions contained in the Burmese Freedom and Democracy Act of 2003 (Rep. Crowley – Ways and Means)
 2. **H.R. 6532** - To amend the Internal Revenue Code of 1986 to restore the Highway Trust Fund balance (Rep. Rangel – Ways and Means)
 3. **H.Res. 1360** - Honoring and commemorating the selfless acts of heroism displayed by the late Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut of the United States Capitol Police on July 24, 1998 (Rep. Edwards (MD) – House Administration)
 4. **H.Res. 645** - Expressing the gratitude and appreciation of the House of Representatives to the professionalism and dedication of the United States Capitol Police (Rep. Mario Diaz-Balart (FL) – House Administration)
 5. **H.Res. 1286** - Recognizing and celebrating the 20th anniversary of the National Black Arts Festival (Rep. Lewis (GA) - Education and Labor)
 6. **H.Res. 1355** - Expressing support for designation of Disability Pride Day and recognizing that all people, including those living with disabilities, have the right, responsibility, and ability to be active, contributing members of our society and fully engaged as citizens. (Rep. Davis (IL) – Education and Labor)
 7. **H.Res. 655** – Honoring the life and accomplishments of Katherine Dunham (Rep. Rangel – Education and Labor)

8. **H.Res. 1296** – Supporting the designation of a National Child Awareness Month to promote awareness of children's charities and youth-serving organizations across the United States and recognizing their efforts on behalf of children and youth as a positive investment for the future of our Nation (Rep. Calvert - Education and Labor)
- **H. Res. 1363–Rule providing for consideration of the Senate amendment to H.R. 3221 -American Housing Rescue and Foreclosure Prevention Act of 2008 (Rep. Castor - Rules)**: The closed rule provides for consideration of the Senate amendment to the House amendments to the Senate amendment to H.R. 3221. The rule makes in order a motion by the chairman of the Committee on Financial Services or his designee to concur in the Senate amendment to the House amendment numbered one with the amendment printed in the report of the Committee on Rules accompanying the resolution. The rule provides for two hours of debate on the motion with 80 minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Financial Services and 40 minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means. Debate on the rule will be managed Rep. Castor, and consideration will proceed as follows:
 - One hour of debate on the rule.
 - Possible vote on a Democratic Motion ordering the previous question. **Democrats are urged to vote yes.**
 - Vote on adoption of the rule. **Democrats are urged to vote yes.**
 - **H.R. 3221 -American Housing Rescue and Foreclosure Prevention Act of 2008 (Rep. Frank – Financial Services)**: Pursuant to the rule, debate on the bill will be managed by Financial Services Committee Chair Rep. Barney Frank, for 40 minutes, and Ways & Means Committee Chair Rep. Charles Rangel, for 20 minutes, or their designees, and will proceed as follows:
 - Two hours of debate on the bill.
 - Vote on final passage of the bill.
 - **H. Res. 1344–Rule providing for consideration of H.R. 3999 - The National Highway Bridge Reconstruction and Inspection Act (Rep. Arcuri - Rules)**: The structured rule provides for one hour of general debate on the bill equally divided and controlled by the chairman and ranking minority member of the Committee on Transportation & Infrastructure. The rule provides for one motion to recommit the bill with or without instructions. Debate on the rule will be managed Rep. Arcuri, and consideration will proceed as follows:
 - One hour of debate on the rule.
 - Possible vote on a Democratic Motion ordering the previous question. **Democrats are urged to vote yes.**
 - Vote on adoption of the rule. **Democrats are urged to vote yes.**

- **H.R. 3999 - The National Highway Bridge Reconstruction and Inspection Act (Rep. Oberstar – Transportation & Infrastructure):**
Pursuant to the rule, debate on the bill will be managed by Transportation & Infrastructure Committee Chair Rep. James Oberstar, or his designees, and will proceed as follows:
 - One hour of debate on the bill.
 - Debate and votes on amendments to the bill.
 - Possible debate and vote on a Republican motion to recommit the bill.
 - Vote on final passage of the bill.
- **Postponed Vote on Suspension (1 Bill):**
 1. **H.R. 6545 – National Energy Security Intelligence Act of 2008**
(Rep. Cazayoux – Intelligence)

Bill Summary and Key Issues

H.R. 3221 -American Housing Rescue and Foreclosure Prevention Act of 2008

The text of the amendment provided by the Committee on Financial Services to the Senate-passed version of H.R. 3221 provides a three-part, co-coordinated response to the important issues affecting our nation's housing market and broader economy.

First, building on legislation the House first passed on a broad bipartisan basis in May of 2007, the legislation provides for a new and substantially strengthened GSE regulator, which will oversee the business practices, operations and mission obligations of Fannie Mae, Freddie Mac and the Federal Home Loan Banks. With new authorities and expanded powers, the new regulator will be far better prepared to quickly and effectively respond to issues affecting the safe and sound operation of the secondary mortgage market and the enterprise themselves, and to facilitate compliance with mission obligations.

Second, the amendment provides meaningful aid for hundreds of thousands of working families and low-income individuals suffering from the lack of affordable housing and the current foreclosure crisis.* It reinvigorates the Federal Housing Administration as the principal federal government agency guaranteeing mortgages for credit worthy and deserving Americans who choose to become homeowners. For those homeowners who can afford to stay in their home but for rapidly rising mortgage payments required by their existing mortgages, the amendment gives the FHA new authority to insure new mortgages recast at affordable payment rates and guaranteed at no cost to the taxpayer.

The amendment also creates a permanent Affordable Housing Trust Fund dedicated to funding brick and mortar projects throughout the nation designed to increase the stock of affordable housing in both rural and urban areas for low and very low-income individuals and families. In addition, the amendment provides resources to allow cities and states to buy up foreclosed properties that are currently reducing state and local revenues, driving down home prices, and

destabilizing neighborhoods; coordinates the standards used by various agencies in regard to the Low Income Housing Tax Credit program to maximize its effectiveness and eliminate unnecessary bureaucratic constraints that delay the badly-needed expansion of affordable housing; and preserves existing affordable housing that will save thousands of tenants from eviction.

Third, the amendment deals with the immediate need to reassure investors as to the stability of the American housing finance market. To address current problems, the amendment gives appropriate and necessary stand-by authority to the Treasury Department in the unlikely case that Fannie Mae and Freddie Mac require temporary federal financial intervention. This authority includes meaningful taxpayer protections and other safeguards.

I. ASSISTANCE FOR HOME BUYERS AND HOME OWNERS

Refundable first-time home buyer credit. The bill would provide a refundable tax credit that is equivalent to an interest-free loan equal to 10 percent of the purchase of a home (up to \$7,500) by first-time home buyers. The provision applies to homes purchased on or after April 9, 2008 and before July 1, 2009. Taxpayers receiving this tax credit would be required to repay any amount received under this provision back to the government over 15 years in equal installments. The credit begins to phase out for taxpayers with adjusted gross income in excess of \$75,000 (\$150,000 in the case of a joint return). *This proposal is estimated to cost \$4.853 billion over 10 years.*

Additional standard deduction for real property taxes. The bill would provide home owners who claim the standard deduction with an additional standard deduction for State and local real property taxes. The maximum amount that may be claimed under this provision is \$500 (\$1,000 for joint filers). This proposal applies only for 2008. The bill would eliminate language included in the Senate version of the bill that would have prevented taxpayers from claiming this additional standard deduction if they reside in a locality that increased property tax rates in 2008. *This proposal is estimated to cost \$1.537 billion over 10 years.*

II. ASSISTANCE FOR LOW-INCOME RENTAL HOUSING

Temporary increase in low-income housing tax credit. Under current law, there is a state-by state limit on the annual amount of Federal low-income housing tax credits that may be allocated by each state. This limitation is currently set at \$2.00 for each person residing in the state. States with small populations are provided with a special set aside. The bill would increase this limitation in 2008 and 2009 by an additional 20 cents for each person residing in the state and increase the small state set-aside by 10 percent. *This proposal is estimated to cost \$1.084 billion over 10 years.*

Low-income housing tax credit simplification. The bill contains numerous proposals to simplify the technical rules relating to the LIHTC. In particular, the bill would: temporarily establish a minimum credit rate for non-Federally subsidized buildings placed in service after date of enactment and before December 31, 2013; clarify the circumstances under which a building is considered to be Federally subsidized and the circumstances in which Federal assistance will be taken into account in calculating the LIHTC; provide State

housing agencies with greater flexibility to select sites for low-income housing projects and allocate adequate amounts of credit for projects; clarify the rules relating to determinations of current income; provide developers with more time to begin construction of low-income housing projects after the credits have been awarded (one year instead of current law 6 months); reform rules pertaining to sales of low-income housing buildings; allow projects to establish housing units for individuals who share common characteristics; relax income rules for rural areas; and eliminate technical barriers to rehabilitating low-income housing projects. *These proposals are estimated to cost approximately \$343 million over 10 years.*

Tax-exempt housing bond simplification. The bill contains two proposals to simplify the technical rules relating to tax-exempt housing bonds. In the construction and development of low-income housing projects, states may find that it is most efficient to finance projects using a series of short-term bonds. Under current law, there is a limitation on the annual amount of tax exempt housing bonds that each state may issue. In the construction and development of low-income housing projects, states may find that it is most efficient to finance projects using a series of short-term bonds. The bill would clarify that where a state issues a series of short-term bonds for low-income housing projects that these bonds will only be counted once against this limitation. The bill would also update the tax-exempt housing bond rules to conform certain aspects of these rules to the low-income housing tax credit rules. *These proposals are estimated to cost approximately \$519 million over 10 years.*

III. OTHER HOUSING PROVISIONS

Temporary increase in mortgage revenue bonds. Under current law, there is a national limit on the annual amount of tax-exempt housing bonds that each state may issue. Many states have reached their limit. The bill would increase this national limit in 2008 to allow for the issuance of an additional \$11 billion of tax-exempt bonds to provide loans to first-time home buyers and to finance the construction of low-income rental housing. The bill would also temporarily allow qualified mortgage revenue bonds (a form of tax-exempt bond issued by states to help provide financing to first-time home buyers) to be used to refinance certain subprime loans. *This proposal is estimated to cost \$1.475 billion over 10 years.*

Eliminate costs imposed on housing programs by the alternative minimum tax. The alternative minimum tax (AMT) can increase the cost of implementing housing programs. Under current law, interest on tax-exempt housing bonds is subject to the AMT. This limits the marketability of these bonds and limits the incentive effect of these bonds. Additionally, under current law both low-income housing tax credits and rehabilitation tax credits cannot be taken against the AMT. This limits the incentive effect of these credits. The bill would allow the low-income housing tax credit and the rehabilitation tax credit to be used to offset the AMT and would ensure that interest on tax-exempt housing bonds is not subject to the AMT. *These proposals are estimated to cost \$2.093 billion over 10 years.*

Municipal bonds guaranteed by Federal home loan banks eligible for treatment as tax-exempt bonds. Under current law, municipal bonds that are guaranteed by Federal home loan banks cannot qualify as tax-exempt bonds

unless the bonds are used to finance housing programs. State and local governments currently face significant costs when issuing tax-exempt municipal bonds to finance state and local projects. The bill would help these municipalities by temporarily allowing bonds that are guaranteed by Federal home loan banks to be eligible for treatment as tax-exempt bonds regardless of whether the bonds are used to finance housing programs. *This proposal is estimated to cost \$126 million over 10 years.*

Protection of taxpayer Social Security numbers in real estate transactions.

Under current law, an individual selling a home is required to provide the purchaser of the home with an affidavit stating, under penalties of perjury, that the seller is not a nonresident alien individual or a foreign corporation (special tax rules apply to sales of real estate by nonresident alien individuals and foreign corporations). This affidavit must contain the seller's Social Security number. In order to protect individuals from identity theft that could occur in connection with the sale of real estate, the bill will allow the seller to provide this affidavit to the business professional responsible for closing the real estate transaction (e.g., an attorney or title company) instead of sending this affidavit to the purchaser. *This proposal is estimated to cost \$20 million over 10 years.*

Encouraging the rehabilitation of government-leased buildings. Under current law, taxpayers are not eligible for the full amount of the rehabilitation credit if more than 35% of a rehabilitated building is leased to a State or local government. In such a situation, expenditures that are allocable to the portion of the building that is leased by the government will not be counted in calculating the rehabilitation credit. In general, the bill would allow taxpayers to qualify for the full amount of the rehabilitation credit so long as less than 50% of the rehabilitated building is leased to State and local governments or other tax-exempt entities. *This proposal is estimated to cost \$262 million over 10 years.*

Disaster mortgage revenue bonds. The bill would also temporarily allow qualified mortgage revenue bonds (a form of tax-exempt bond issued by states to help provide financing to first-time home buyers) to be used to help individuals purchase new homes in Presidentially-declared disaster areas. This provision would apply to bonds issued after May 1, 2008 and prior to January 1, 2010. *This proposal is estimated to cost \$96 million over 10 years.*

IV. REFORMS RELATED TO REITS

Real estate investment trust reforms. The bill would include most of the provisions of H.R. 1147, the *REIT Investment Diversification and Empowerment Act of 2007* (RIDEA). Real estate investment trusts (REITs) are subject to complex rules that can limit the ability of these businesses to adjust to changing market conditions and to manage risk. The bill would liberalize these rules by clarifying that REITs can earn foreign currency income associated with real estate activities, increasing the permissible size of REIT investments in taxable REIT subsidiaries, modifying the REIT safe harbor for dealer sales, and extending the special rules for lodging facilities to health care facilities. *These proposals are estimated to cost \$359 million over 10 years.*

V. EXTENSION AND EXPANSION OF CERTAIN GO ZONE INCENTIVES

Extension and expansion of certain Gulf Opportunity (GO) Zone incentives.

The bill would allow taxpayers in affected GO Zone areas to amend prior returns to take into account receipt of hurricane-related recovery grants, waive the start-construction deadline for certain property eligible for bonus depreciation in the GO Zone, and allow projects in two additional counties in Alabama to qualify for tax-exempt bond financing. *This provision is estimated to cost \$1.333 billion over ten years.*

VI. TAX PROVISIONS RELATED TO THE ECONOMIC STIMULUS ACT OF 2008

Election to accelerate recognition of historic AMT/R&D credits. The bill would allow taxpayers to elect to accelerate the recognition of a portion of their historic AMT or research and development (R&D) credits in lieu of the bonus depreciation tax benefit that was included in the Economic Stimulus Act of 2008. The amount that taxpayers receive is calculated based on the amount that each taxpayer invests in property that would otherwise qualify for bonus depreciation under the Economic Stimulus Act of 2008. This amount is capped at the lesser of 6 percent of historic AMT and R&D credits or \$30 million. *This provision is estimated to cost \$996 million over ten years.*

Transfer of funds appropriated to carry out 2008 recovery rebates for individuals. The Economic Stimulus Act of 2008 appropriated money into several Department of the Treasury accounts in order to carry out the recovery rebate program. The bill would provide the Secretary of the Treasury with flexibility to transfer funds among these accounts to carry out the purposes of the Economic Stimulus Act of 2008. *This provision has no revenue effect.*

VII. REVENUE PROVISIONS

Information returns for merchant payment card reimbursements. The bill would enact a proposal to require institutions that make payments to merchants in settlement of payment card transactions to file an information return with the Internal Revenue Service. According to the Treasury Department, "Payment cards (both credit cards and debit cards) are an increasingly common form of payment to merchants for property and services rendered. Some merchants fail to report accurately their gross income, including income derived from payment card transactions. Generally, compliance increases significantly for amounts that a third party reports to the IRS." The bill would also require information returns for payments in settlement of certain third party network transactions that operate in a manner similar to payment card transactions. *This proposal is estimated to raise \$9.802 billion over 10 years.*

Delay implementation of worldwide allocation of interest. In 2004, Congress provided taxpayers with an election to take advantage of a liberalized rule for allocating interest expense between United States sources and foreign sources for purposes of determining a taxpayer's foreign tax credit limitation. Although enacted in 2004, this election is not available to taxpayers until taxable years beginning after 2008. The bill would delay the phase-in of this new liberalized rule for two years (for taxable years beginning after 2010). Special transition rules would apply in the first year that the liberalized rule phases in. A portion of the revenue raised from this provision will also cover some of the cost of

supplemental funding for the Community Development Block Grant program.
This proposal is estimated to raise \$7.332 billion over 10 years.

Modification of exclusion of gain on sale of a principal residence. The bill amends the current law exclusion of up to \$250,000 (\$500,000 if married filing a joint return) of gain realized on the sale or exchange of a principal residence. Under current law, the sale of a home will qualify for this exclusion if the home is a taxpayer's principal residence for at least two of the five years ending on the sale or exchange. This exclusion applies even if the home was initially purchased as a second home. Under the bill, if a taxpayer moves their principal residence to a second home, the taxpayer will only be able to utilize this exclusion to the extent that it relates to the period of time when the home was first used as a principal residence and to the extent that it relates to the period of time that the home was owned prior to January 1, 2009. *This proposal is estimated to raise \$1.394 billion over 10 years.*

H.R. 3999 - The National Highway Bridge Reconstruction and Inspection Act of 2008

H.R. 3999, the "National Highway Bridge Reconstruction and Inspection Act of 2008", amends the Highway Bridge Program and the National Bridge Inspection Program to improve the safety of Federal-aid highway bridges, strengthens bridge inspection standards and processes; and increases investment in the reconstruction of structurally deficient bridges on the National Highway System.

Improves the Safety of Federal-aid Highway Bridges:

- **Risk-Based Prioritization of Reconstruction of Deficient Bridges.** Requires the Secretary to develop a system to assign a risk-based priority to repair, rehabilitate, or replace each structurally deficient or functionally obsolete bridge, establishing a new level of accountability in bridge repair and replacement by ensuring that States are investing in upgrading those bridges that are most critical to safety, as well as freight and passenger mobility.
- **Independent Review.** Requires the National Academy of Sciences to conduct an independent review of the Department of Transportation's process for assigning risk-based priorities under the Highway Bridge Program;
- **Institutes Bridge Management Systems.** Requires Federal Highway Administration ("FHWA") and States to establish bridge management systems designed to improve bridge management and targeting of limited bridge resources, as well as upgrading the inspection process and quality of data collected and reported to the National Bridge Inventory; and
- **Performance Plan.** Requires States to develop a five-year performance plan for the inspection of highway bridges and the reconstruction of structurally deficient and functionally obsolete

Federal-aid highway bridges. Requires the FHWA to approve each State's performance plan and the State to update the plan annually.

Strengthens Bridge Inspection Standards and Processes:

- **Requires Immediate Update of Bridge Inspection Standards.** Requires FHWA to immediately update National Bridge Inspection Standards and requires uniformity among States in conducting inspections and evaluations;
- **Requires Immediate Inspection of all Structurally Deficient Bridges.** Requires States to inspect structurally deficient bridges each year using the best practicable technologies and methods. Requires States to inspect all other bridges every two years. Authorizes FHWA to approve an extension of the biennial inspection requirement if granting the extension will increase the overall safety of the State's bridge inventory;
- **Requires States to Calculate the Load Rating for Structurally Deficient Bridges to Ensure that Maximum Weight Limits are Properly Posted.** Requires States to calculate the load rating for highway bridges and ensure that the safe load-carrying capacity for bridges is properly posted based on most recent inspection information;
- **Strengthens Training, Certification, and Qualification Requirements.** Strengthens inspector training by requiring that all highway bridge inspectors be trained and certified. Increases qualification requirements to ensure that licensed professional engineers approve inspections of highway bridges; and
- **Strengthens Annual FHWA Compliance Reviews.** Requires FHWA to strengthen its procedures for conducting annual compliance reviews of state inspections, state quality control and quality assurance procedures, load ratings, and weight limit postings of structurally deficient highway bridges.

Increases Investment for the Reconstruction of Structurally Deficient Bridges on the National Highway System:

- **Authorizes an Additional \$1 billion for Reconstruction of Structurally Deficient Bridges on the National Highway System.** Authorizes \$1 billion in FY2009 to reconstruct structurally deficient bridges on the NHS. These funds are in addition to funds authorized for the Highway Bridge Program under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users;
- **Funds are Distributed by Formula** pursuant to Federal-aid Highway apportionments under the Highway Bridge Program targeted to Federal-aid highway bridges. **No Congressional or Administration earmarks are allowed under the program;** and

- **Limits Transferability of Highway Bridge Funds.** The funds authorized by H.R. 3999, the National Highway Bridge Reconstruction and Inspection Act of 2007, are not transferable to other Federal-aid highway programs. In addition, the bill provides that a State may transfer Highway Bridge Program funds to other Federal-aid Highway programs **only if** the State demonstrates to the satisfaction of the Secretary that it has no bridges on the National Highway System eligible for replacement.

Anticipated Amendments to H.R. 3999:

1. **Oberstar (MN):** Would make technical corrections to the amendment in the nature of a substitute. (10 minutes)
2. **Mica (FL):** Would require the Government Accountability Office to conduct a study of the Federal Highway Administration's bridge rating system. The study shall specifically address the effectiveness of using the terms "structurally deficient" and "functionally obsolete" in describing the condition of the highway bridge inventory in the United States. (10 minutes)
3. **Diaz-Balart, Mario (FL):** Would consider emergency evacuation routes in the risk-based prioritization for replacement or rehabilitation of deficient bridges. (10 minutes)
4. **Walz (MN):** Would require the Secretary of Transportation to report to Congress, within 15 days of issuing a critical finding that result in the closure of a bridge, on the economic impact and impact on regional transportation that will result from the bridge closure. The amendment also requires the Secretary to recommend solutions to mitigate such impacts. (10 minutes)
5. **Miller, Candice (MI):** Would require the Secretary of Transportation to conduct a study on the cost benefits of using carbon fiber composite materials in bridge projects instead of traditional construction materials. (10 minutes)
6. **Conaway (TX)/Sutton (OH)/Arcuri (NY):** Would express that it is the sense of Congress to encourage States that receive Federal funding to develop corrosion mitigation and prevention plans. The plans are encouraged to contain expected useful life of the bridge, details of corrosion mitigation and prevention methods in construction and maintenance of the bridge, certification and approval by a corrosion expert and corrosion training for all bridge inspectors. (10 minutes)
7. **Shays (CT):** Would request the GAO to conduct a study on factors contributing to bridge construction and rehabilitation delays and ways to expedite construction projects. (10 minutes)
8. **Loebsack (IA):** Would require the Secretary, in consultation with the States to study the risks posed by a "500 year" flood to bridges on Federal-aid highways, bridges on other public roads, and bridges on Indian reservations and park bridges while also giving consideration to

safety, serviceability, essentiality for public use, and public safety, the Secretary would report the results to Congress not later than 2 years after enactment of the legislation. (10 minutes)

9. **Shea-Porter (NH):** Would allow a state performance plan to provide for increased inspection of a historic bridge rather than rehabilitation or replacement. (10 minutes)
10. **Childers (MS):** Would provide that none of the funds may be used to employ workers in violation of section 274A of the Immigration and Nationality Act. (10 minutes)
11. **Capuano (MA):** Would create a National Tunnel Inspection Program that would establish national tunnel inspection standards and ensure uniformity among the States in the conduct of such inspections. (10 minutes)

Quote of the Day

“Injustice anywhere is a threat to justice everywhere.”

- Dr. Martin Luther King, Jr.